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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	77324270
Applicant	Navy Exchange Service Command ("NEXCOM")
Applied for Mark	USN
Correspondence Address	MELANIE FIX NAVY EXCHANGE SERVICE COMMAND 3280 VIRGINIA BEACH BLVD VIRGINIA BEACH, VA 23452-5799 UNITED STATES Melanie.Fix@nexweb.org
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Filer's Name	Melanie Fix
Filer's e-mail	Melanie.Fix@nexweb.org
Signature	/Melanie Fix/
Date	08/25/2011

**IN UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re:

Application Serial No. 77324270

Applicant: Navy Exchange Service Command

Filing Date: November 8, 2007

Mark: USN (And Design)

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APPLICANT’S REPLY BRIEF

The Navy Exchange Service Command (“Applicant,” “NEXCOM,” or “Navy”), a component of the Department of the Navy, replies as follows to the Examining Attorney’s Appeal Brief.

BACKGROUND

The Navy seeks registration of the design mark consisting of an Anchor/U.S.S. Constitution/Eagle (“ACE logo”) above the letters “USN” on a background of irregular block-shaped pixels in a four-color pattern of black, deck grey, light grey and navy blue (“Applicant’s Mark” or “the Mark”) for “cotton, nylon blends, and nylon fabrics which will all be used in the manufacture of merchandise, including but not limited to clothing, to be sold to authorized patrons of the military exchanges pursuant to Armed Services Exchange Regulations” (“Applicant’s Goods”).

The Examining Attorney refuses to register Applicant’s Mark on the ground that the mark is functional under Trademark Act Section 2(e)(5), 15 U.S.C. Section 1052(e)(5). This refusal is based solely on the assertion that Applicant’s Mark “masks stains and wear-and-tear, thereby fulfilling the essential requirements for a neat and clean Navy uniform.” Examining Attorney’s Brief, p. 6 (hereafter cited as “EA Brief”). During prosecution it was explained to

the Examining Attorney's satisfaction that Applicant's Mark and Goods are not intended to serve as camouflage and, in fact, do not serve as effective camouflage. Consequently, the only issue on appeal with respect to the section 2(e)(5) refusal is whether the Applicant's Mark is functional as a matter of law due to its alleged ability to mask stains and wear-and-tear.

The Examining Attorney's functionality analysis is fundamentally flawed because it relies solely on one factor of the *Morton-Norwich* test, to the exclusion of the remaining factors. This approach is contrary to established Federal Circuit and Board precedent. If adopted, it would have the effect of creating a new and substantially less stringent test of functionality.

ARGUMENT

The Examining Attorney's position is that the Applicant's Mark is functional because it performs a function. However, the Trademark Manual of Examining Procedure ("TMEP") instructs us not to confuse functionality with performing a function:

“[t]he question of whether a product feature is ‘functional’ should not be confused with whether that product feature performs a ‘function.’ (i.e., it is *de facto* functional). Usually, most objects perform a function, for example, a bottle holds liquid and a lamp provides light. However, only certain configurations are functional under §2(e)(5) based on the *Morton-Norwich* factors. TMEP § 1202.02(a)(v).

Rather, the crux of the functionality inquiry and of the instant case is the Mark's effect on competition. *In re Morton-Norwich Products, Inc.*, 213 USPQ 9, 16 (C.C.P.A. 1982) (“Effect upon competition is really the crux of the functionality inquiry.”)

The effect on competition is included as part of the analysis of the four *Morton-Norwich* factors, which were set forth in Applicant's Appeal Brief and are reiterated here for ease of reference. Whether or not a mark is functional as a matter of law is determined by: (1) the existence of a utility patent that discloses the utilitarian advantages of the design; (2) advertising

by the applicant that touts the utilitarian advantages of the design; (3) the availability of alternative designs; and (4) whether the design results from a comparatively simple or inexpensive method of manufacture. *Morton-Norwich*, 213 USPQ at 15-16.

It is undisputed that Applicant's Mark is not covered by a utility patent. Also undisputed is that the design of Applicant's Mark does not result from a comparatively simple or inexpensive method of manufacture.¹ See Declaration attached to 9/19/2009 Response to Office Action as Exhibit I. Accordingly, the first and fourth *Morton-Norwich* factors clearly weigh against a finding of functionality and in favor of registration of Applicant's Mark.

With respect to the third *Morton-Norwich* factor, the availability of alternative designs, the Examining Attorney's refusal ignores Applicant's evidence of alternative designs (see, e.g., Exhibit D to 9/19/2009 Office Action Response).

Rather than address this critical deficiency in her case, the Examining Attorney attempts to ignore the third *Morton-Norwich* factor entirely through a misapplication of *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 58 USPQ2d 1001 (2001). Although the Examining Attorney correctly notes that *TrafFix* states "[w]here the design is functional ... there is no need to proceed further to consider if there is a competitive necessity for the feature," *TrafFix* 532 U.S. at 33, 58 USPQ2d at 1006, she goes on to say that in finding a mark to be functional it is not

¹ The Examining Attorney does not dispute Applicant's evidence and declaration in establishing that Applicant's Goods do not result from a comparatively simple or inexpensive method of manufacture. She does, however, attempt to finesse this factor by asserting that patterns that resist stains are less costly to maintain. This characteristic is true of any patterned clothing. More importantly, *Morton-Norwich* speaks to whether the design results from a comparatively simple or inexpensive method of manufacture. This is the proper inquiry because economy of manufacture inherently conveys a competitive advantage. The approach taken by the Examining Attorney, i.e., whether a product feature useful to the user conveys a competitive advantage, can be addressed only by considering whether registration of the mark would prevent competitors from marketing alternative designs that convey the same utility. Virtually every product has utility, so the proper questions are whether the product design is superior in performance or economy of manufacture, and whether alternative designs exist that accomplish the same end, such that competitors are not placed at a disadvantage.

necessary to even “consider” all the *Morton-Norwich* factors.² EA Brief, p. 4. This approach allows the Examining Attorney to hold that the Mark is functional based solely on the second factor—advertising that touts the advantages of the design—and then immediately invoke *TrafFix* to exclude from consideration the availability of alternative designs. This approach is contrary to established Federal Circuit and Board precedent.

This approach, if adopted by the Board, would result in a radical change in the law. By initially determining that the Mark is functional based solely on the second factor--advertising that touts the advantages of the design—and then invoking *TrafFix* to exclude consideration of the availability of alternative designs from the initial inquiry of whether or not the mark is functional, the Examining Attorney effectively changes the law of *Morton-Norwich* by entirely eliminating the third factor from consideration. This approach has been expressly repudiated by the Federal Circuit’s subsequent ruling that “*TrafFix* did not change the law of functionality” and that consideration of alternative designs remains “a legitimate source of evidence to determine whether a feature is functional in the first place.” *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1277, 61 USPQ2d 1422, 1427-28 (Fed. Cir. 2002). In fact, the Federal Circuit instructs that, “in determining ‘functionality,’ the Board **must** assess the effect registration of a mark would have on competition.” *Valu Engineering*, 61 USPQ2d at 1428 (emphasis added). The Federal Circuit has made clear that *TrafFix* means merely “that once a design is found to be functional, it cannot be given trade dress status merely because there are alternative designs available. *Valu Engineering*, 61 USPQ2d at 1427 (citing J. Thomas McCarthy, 1 *McCarthy on*

² Elsewhere the Examining Attorney states “there is no requirement that all four of the *Morton-Norwich* factors weigh in favor of functionality to support a refusal.” EA Brief, p. 4. This is an accurate statement of the law; however, there is a significant difference between holding, on the one hand, that there is no requirement that all four factors **weigh** in favor of a finding of functionality, versus holding, on the other hand, that it is not necessary to **consider** all the factors. The Examining Attorney’s error is in failing to consider all the factors. As explained herein, the cases relied upon by the Examining Attorney contradict her position that it is not necessary to consider all the factors.

Trademarks and Unfair Competition, § 7:75, 7-180-1 (4th ed. 2001)). As interpreted and applied by *Valu Engineering*, *TrafFix* does not exclude consideration of alternate designs from the analysis of whether a feature is functional in the first place.³

Indeed, the authorities cited by the Examining Attorney for the proposition that “there is no requirement that all four of the *Morton-Norwich* factors weigh in favor of functionality to support a refusal” (EA Brief, p. 4) indicate that the Board does consider and weigh all the factors. See, e.g., *In re UDOR U.S.A., Inc.*, 89 USPQ2d 1978 (TTAB 2009) (affirming a functionality refusal of “a round disk head on a sprayer nozzle” where the third and fourth factors showed that applicant’s competitors manufactured and marketed spray nozzles with similar features, the shape was preferred in the industry, and it appeared efficient, economical, and advantageous, **even though** applicant’s utility patent and advertising did not weigh in favor of functionality); *In re N.V. Organon*, 79 USPQ2d 1639 (TTAB 2006) (orange flavor found functional based on applicant’s touting of the utilitarian advantages of the flavor and the lack of evidence of acceptable alternatives, **even though** the mark was not the subject of a patent or patent application and there was no evidence that the flavor affected the cost of the product); *In re Gibson Guitar Corp.* 61 USPQ2d 1948 (TTAB 2001) (shape of guitar head held functional based on applicant’s touting of the utilitarian advantages of the shape and the fact that the shape was necessary to produce the sounds touted by applicant **even though** there was no utility patent,

³ The primary question in *TrafFix* was narrow—the effect of expired utility patents on a claim of trade dress infringement. *TrafFix*, 532 U.S. at 29-30; 58 USPQ2d at 1005. Because the central advance claimed in the expired utility patents was the essential feature of the asserted trade dress, the plaintiff could not carry the burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the design in the claims of the expired patents. *Id.* Because the asserted design was functional (as demonstrated by the patent claims), there was no need to consider alternative designs. *Id.* At 1007. The Court explicitly cautioned that a different result might occur if the asserted trade dress concerned features that are not central to the claimed advantage in the utility patent. *Id.* The Examining Attorney’s interpretation of *TrafFix* extends the case’s reasoning to cases where there is no utility patent at issue.

and no evidence that applicant's guitar configuration resulted from a simpler or cheaper method of manufacture).

Competitive need and the availability of alternate designs must be considered as part of the initial inquiry into whether or not a product design is functional in the first place. The Examining Attorney's refusal relies on a single *Morton-Norwich* factor to support her functionality conclusion. Case law, however, refutes reliance on a single factor.

"Since the effect upon competition 'is really the crux of the matter,' it is, of course, significant that there are other alternatives available." *Morton-Norwich.*, 213 USPQ at 16; *see also*, TMEP § 1202.02(a)(v)(C) ("[S]ince the preservation of competition is an important policy underlying the functionality doctrine, competitive need generally remains an important factor in a functionality determination."). The issue, as framed by the Supreme Court, is whether or not exclusive use of the feature would put competitors at a "significant non-reputational disadvantage." *Qualitex Co. v. Jacobson Products Co.* 514 U.S. 159, 34 USPQ2d 1161, 1164) (1995) ("Although it is important to use some color on press pads to avoid noticeable stains, the [lower] court found 'no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.'") To this end, "the existence of actual or potential alternative designs that work equally well strongly suggests that the particular design used by plaintiff is not needed by competitors to effectively compete on the merits." *Valu Engineering*, 61 USPQ2d at 1427 (citing 1 *McCarthy on Trademarks and Unfair Competition*, § 7:75, 7-180-1).

Particularly instructive in this case is the Board's decision in *Goodyear Tire and Rubber Co. v. Interco Tire Corp.*, 49 USPQ2d 1705 (TTAB 1998), holding that applicant's tire tread design was not functional as a matter of law—notwithstanding the fact that applicant's advertising touted the traction advantages of the design—because the competitive need was

satisfied by the availability of several alternative designs actually in use or potentially available.⁴ Despite the fact that all tread designs serve a purpose (i.e., traction) and the applicant's advertising literature touted the utilitarian advantages of its tread design, the Board held that the key to the analysis was whether competition was hindered:

...the absence of any utility patent directed specifically to the elements of applicant's subject design (as contrasted with applicant's recently expired design patent for the ornamental features thereof), the availability of a wide variety of alternative tread designs for mud and all-terrain tires, and the slightly more expensive cost of producing tires with applicant's subject design convince us that applicant's overall design is not so superior in function or economy of manufacture that recognition of its subject design as a trademark would hinder competition in the tire trade. *Goodyear*, 49 USPQ2d at 1717.

The importance of alternative designs in establishing that registration of a product design would not hinder competition is also evident in the Board's decision in *In re Honeywell Inc.*, 8 USPQ2d 1600 (TTAB 1988). In *Honeywell*, the Board held that applicant's circular configuration of a thermostat cover was not functional, despite the fact that Honeywell's prior application to register the design had been refused as *de jure* functional. *Honeywell*, 8 USPQ2D at 1601. Significantly, the Board held that in the intervening years since the refusal to register the earlier application, the changed market conditions showed that alternative designs were available to competitors such that competitors did not need to use the circular configuration to compete effectively. *Honeywell*, 8 USPQ2D at 1601, 1603-04.

The above case law shows that the availability of alternative designs is a critical factor to be weighed in considering whether or not registration of a mark would put competitors at a non-reputational disadvantage.

⁴ Registration ultimately was refused because the design was found to be *de facto* functional and had not acquired distinctiveness, but this finding was made only after the design was held not to be functional as a matter of law (i.e., not "*de jure* functional").

Further, in cases where competition is not impeded, a design that is merely utilitarian will not be held to be functional as a matter of law. This point is also critical. The question of whether a product feature is “functional” should not be confused with whether that product feature performs a “function” (i.e., it is de facto functional). Usually, most objects perform a function, for example, a bottle holds liquid and a lamp provides light. However, only certain configurations are functional under §2(e)(5) based on the *Morton-Norwich* factors. TMEP § 1202.02(a)(v). To be functional as a matter of law, the design must provide a significant non-reputational competitive advantage in terms of superior performance or economy of manufacture as determined in light of competitive necessity. *Morton-Norwich*, 213 USPQ at 14.

In the instant case, there is no evidence that registration of Applicant’s Mark would confer a non-reputational competitive advantage. There is no evidence that any third party has used or is using an identical design. *Goodyear*, 49 USPQ2d 1705, 1717 (“While the evidence also shows that there are and have been a number of third-party tire tread designs in use which are substantially similar to the overall appearance of applicant’s three-stage lug configuration... no one in the tire industry has copied that exact configuration”); *Honeywell*, 8 USPQ2D 1600, 1604 (“Because of the absence of any evidence of use by competitors of a round configuration for so many years, despite applicant’s apparent lack of any patent and trademark protection for it, we conclude that the number of alternative designs available to competitors, although limited, is sufficient for this product”). To the contrary, Applicant has provided evidence of alternative military uniform patterns that differ from Applicant’s Mark. See, e.g, Exhibits C and D to 9/19/2009 Office Action Response. The Examining Attorney’s assertion that “there is competitive need for this design because alternative designs are limited” (EA Brief, p. 14) is an unfounded proclamation belied by the evidence of record. The assertion that “other armed

services, such as the United States Army, also use colors in pixilated patterns for their own uniforms...[t]hese *may* be to hide stains and wear, like the Navy, and also to camouflage troops in harms way” (EA Brief, p. 14) is sheer speculation unsupported by the record. First, there is no evidence that anyone else would need to use the Navy’s overall design, i.e., the identical colors and designs embodied in Applicant’s Mark. Second, and as explained during prosecution, Applicant’s design was adopted specifically without regard to any camouflaging properties. As such, no other party seeking to design a camouflaging uniform would ever want or need to mimic the Navy’s design. As for wanting to hide stains or wrinkles, there is no evidence that the Navy’s design is the best or only way to hide stains, or that there is a limited number of alternative designs available for such purpose.

CONCLUSION

The Examining Attorney has not demonstrated a *prima facie* case that Applicant’s Mark is functional as a matter of law within the meaning of Section 2(e)(5). Applicant’s Mark is not covered by a utility patent and has not been shown to be superior in performance or economy of manufacture. Moreover, alternative designs are in use and potentially available, such that registration of Applicant’s Mark would not convey a non-reputational competitive advantage or otherwise hinder competition.

In view of the foregoing, Applicant respectfully submits that Applicant’s Mark is entitled to registration and requests that the Trademark Trial and Appeal Board reverse the refusal to register Applicant’s mark.

Respectfully submitted,

/Melanie Fix/

Melanie Fix

Geoffrey M. McNutt
Department of the Navy
Navy Exchange Service Command
3280 Virginia Beach Blvd.
Virginia Beach, VA 23452
PHONE (757) 631-3902
FAX (757) 631-3615

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